

## Message Text

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ACTION STR-04

INFO OCT-01 EUR-12 IO-13 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 AF-08 ARA-06 EA-07 NEA-10 STRE-00 /137 W

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P R 091913Z JUL 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC PRIORITY 1078

USMISSION EC BRUSSELS

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ACTION STR

H PASS CODEL

E.O. 11652: N/A

TAGS: ETRD MTN

SUBJECT: FIFTH MTN TROPICAL PRODUCTS MEETING ASSESSMENT

REF A MTN GENEVA 5225, B MTN GENEVA 5149,

C STATE 35177, D MTN GENEVA 5316

1. SUMMARY: DESPITE INITIAL LDC RHETORIC REPORTED  
REFTEL (B) LENGTHY NEGOTIATION IN RESTRICTED SESSION  
INCLUDING MAJOR PARTICIPANTS RESULTED IN PRAGMATIC  
AGREEMENT TO CONTINUE BILATERAL AND PLURILATERAL  
NEGOTIATIONS WITHOUT PREJUDGING RESULTS. MAJOR LDCS  
RECOGNIZED STEADFAST US POSITION ON NEED FOR RELATIVE  
RECIPROCITY AND IN LIGHT OF THIS FACTOR PLUS THEIR  
DESURE FOR IMPROVEMENT IN ALL DC OFFERS, AGREED TO  
RECORD DEBATE IN NEUTRAL TERMS PERMITTING POSSIBILITY  
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OF EVENTUAL NEGOTIATED (BILATERALXPLURILATERAL)

SOLUTION TO IMPASSE THAT COULD HAVE OCCURRED ON  
PRINCIPLE OF RECIPROCITY. END SUMMARY

2. CONTRIBUTIONS (LDC RECIPROCITY) - AS EXPECTED,  
LDCS ATTEMPTED TO AFFECT NEGOTIATION ON RECIPROCITY  
BY ISOLATING US DURING PLENARY AND RESTRICTED  
SESSIONS OF TP GROUP. LDCS ALSO RECEIVED IMPLICIT  
SUPPORT FROM OTHER OFFER-MAKING DCS WHICH STRESSED  
THEY WERE SEEKING NO RECIPROCITY IN TP EXERCISE.  
WHEN FACED, HOWEVER, WITH STEADFAST US POSITION ON  
RELATIVE RECIPROCITY, THEY ACCEPTED CHAIRMAN'S  
SUMMARY THAT DID NOT PREJUDGE THIS ISSUE AND PRE-  
SERVES FOR THE MOMENT BOTH POSITIONS. IN SO DOING,  
LDC POSITION ON INTERPRETATION OF PARA 5  
OF TOKYO DECLARATION (TD) AND TP GUIDELINES CHANGED  
FROM THAT OF TD NOT "PERMITTING" LDC CONTRIBUTIONS  
IN TP GROUP, TO THAT OF TD NOT "REQUIRING" LDC  
CONTRIBUTIONS (AND HENCE PERMITTING THOSE COUNTRIES  
THAT DESIRED TO CONTRIBUTE TO DO SO). THE VALUE OF  
THE US OFFER AND THE LDC DESIRE TO IMPROVE GENERALLY  
DISAPPOINTING DC OFFERS PERMIT THE POSSIBILITY OF A  
NEGOTIATED SOLUTION TO THE QUESTION OF LDC CONTRI-  
BUTIONS TO TP NEGOTIATIONS. PROGRESS TOWARDS A  
SOLUTION WILL, HOWEVER, HAVE TO OCCUR IN THE NEXT  
SEVERAL MONTHS. INSUFFICIENT PROGRESS BETWEEN NOW  
AND OCTOBER WILL MEAN POSSIBILITY OF IMPASSE AT  
NEXT MEETING.

3. LDC REACTION TO OFFERS -DEPTH OF LDC  
DISENCHANTMENT WITH DC OFFERS WAS ALSO NOTEWORTHY.  
CRITICISM OF LACK OF OFFER BY SOME DCS ON ITEMS  
INCLUDED IN BTN CHAPTERS 25-99 (READ EC, NORDICS,  
AUSTRIA), INSUFFICIENT DEPTH OF CUT (READ JAPAN, EC),  
ABSENCE OF OFFERS ON NONTARIFF MEASURES (READ ALLDCS),  
PLUS DESIRE FOR MORE SECURE CONCESSIONS WAS VOICED  
WITH AS MUCH FREQUENCY AND VIGOR AS WERE CRITICISM  
OF US POSITION ON RECIPROCITY. THE AGREED SUMMARY  
FOR THE MEETING (REF A, PARA 2) STRESSES THIS  
DISENCHANTMENT, AND THE NEED TO IMPROVE OFFERS  
(REF A, PARA 5). LDC PREOCCUPATION WITH THE SECURITY  
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OF CONCESSIONS (REF A, PARA 4), AND THE DISTINCTION  
SUGGESTED BY US DEL PER REF (B), BETWEEN OFFERS OF  
CONCESSIONS OR CONTRIBUTIONS FOUND IN REF A, PARAS  
2 AND 7, UNDERSCORE THE DIVISION AMONG LDCS ON VALUE  
OF MFN VERSUS GSP DUTY REDUCTIONS. ASEAN PROPOSAL  
CIRCULATED AS MTN/TP/W/19 CALLING FOR CONFRONTATION/  
JUSTIFICATION EXERCISE IN WHICH DCS WOULD EXPLAIN  
COMPELLING REASONS FOR NOT RESPONDING TO LDC

REQUESTS (AN EXAMPLE OF LDC SEARCH FOR PROCEDURAL WAY  
WO TIMPROVE OFFERS, WAS NOTED BY THE GROUP.

4. TIMING OF TP CONCLUSION - IN SEEKING TO COMPLY  
WITH DECEMBER 1975 TNC TARGET OF COMPLETING NEGOTIATIONS  
IN TP SECTOR IN 1976, GROUP NOTED THAT NEGOTIATIONS  
WOULD HAVE TO BE SPEEDED UP TO REACH JANUARY 1, 1977  
DATE. HOWEVER, THERE IS NO COMMITMENT BY ANY  
DELEGATION THAT IMPLEMENTATION WOULD BEGIN JANUARY  
1, 1977. ALL DCS INDICATED JAPAN (APRIL 1, 1977),  
AUSTRIA WHO DIDN'T ADDRESS THE QUESTION, AND US WHICH  
MADE CLEAR IT NOT PREPARED TO MAKE UNILATERAL  
CONCESSIONS IN MTN. ON THE OTHER HAND, SEVERAL LDCS  
(ASEANS, BRAZIL, AND CHAIRMAN IN DRAFT SUMMARY)  
IMPLIED THAT IMPROVEMENT OF OFFERS OF  
HIGHER PRIORITY THAN CONCLUSION THIS YEAR.

5. DC RESPONSE TO LDC CRITICISM -US MADE CLEAR  
ITS POSITION THAT BOTH ITS OFFERS AND REQUESTS WERE  
NEGOTIABLE. OTHER DCS, HOWEVER, INDICATED THAT  
IMPROVEMENT WAS NOT LIKELY. AUSTRALIA MADE CLEAR THAT  
ITS MFN OFFER WAS ALL IT WAS PREPARED TO DO AT THIS  
TIME WHILE SEEKING INDIRECT CREDIT FOR GSP IMPROVE-  
MENTS IT IMPLEMENTED 1 JULY. NEW ZEALAND OBSERVED  
THAT ITS GSP OFFER IMPLEMENTED 1 JULY, STATING THAT  
CONVERSION TO MFN CONCESSIONS ON SOME ITEMS POSSIBLE.  
EC, AUSTRIA, AND NORDICS EXPLAINED THT ITEMS  
INCLUDED IN BT 25-00 NOT POSSIBLE, SINCE THEY WERE  
LARGELY ALREADY INCLUDED IN GSP. JAPAN SPOKE ONLY  
OF IMPROVEMENTS, OUTSIDE TP CONTEXT, TO GSP RULES OF  
ORIGINS FOR GROUPS OF COUNTRIES AND EXPANDING GSP  
QUOTAS. SWITZERLAND INDICATED ITS OFFER WAS GSP FOR  
WHICH NO RECIPROCITY SOUGHT WHILE MAKING CLEAR THAT  
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IT EXPECTED LDC CONTRIBUTIONS TO THE MTN. ONLY  
CANADA EXPECTED IT COULD MAKE LIMITED IMPROVEMENT  
BASED ON REQUEST IT RECEIVED SUBSEQUENT TO FALL 1975  
WHICH ARE CURRENTLY UNDER DISCUSSION. STATEMENTS BY  
OTHER DCS ON TIMING OF IMPLEMENTATION (GIVEN LEAD  
TIME NECESSARY) ALSO INDICATE THEY ARE NOT PREPARED  
TO NEGOTIATE SERIOUSLY ON IMPROVEMENTS, A POSITION  
LDCS WILL NOT ACCEPT. THUS WHILE US CURRENTLY  
ISOLATED ON QUESTION OF RECIPROCITY, US IS VIEWED AS  
THE ONLY OFFER-MAKING COUNTRY NEGOTIATING SERIOUSLY.  
WE DO NOT BELIEVE THAT OTHER DCS CAN CONCLUDE THEIR  
PARTICIPATION IN TP GROUP BY IMPLEMENTING THEIR  
CURRENT OFFERS.

6. REVIEW OF STANDARDS CODE - THIS ITEM REMAINS ON

AGENDA WITH NO EXPANSION OF TERMS OF REFERENCE FOR TP EXAMINATION. EFFORTS OF EC AND US DEL TO HAVE TP GROUP DEFER ITS REVIEW TO GROUP AGRICULTURE ON GROUNDS OF NOT DUPLICATING REVIEW IN OTHER MTN GROUPS WERE NOT AGREED TO. INDIAN DEL NOTED THAT GUIDELINES FOR PT GROUP WERE DIFFERENT IN SOME RESPECTS FROM THOSE OF OTHER GROUPS, AND RECOMMENDED THAT GROUP NOT DECIDE AT THIS TIME THAT IT WOULD GIVE UP ITS RIGHT TO HAVE POSSIBLE REVIEW OF STANDARDS CODE IN TP CONTEXT AT SOME LATER DATE. THIS SUBJECT THUS STILL ON AGENDA, BUT HELD IN ABEYANCE.

7. TABULATION OF OFFERS/REQUESTS - LDCS ACHIEVED AGREEMENT OF THE GROUP FOR SECRETARIAT TO PROCEED WITH TABULATIONS OF ALL REQUESTS AND OFFERS MADE IN THE GROUP. TABULATION WILL IDENTIFY EXISTING MFN AND GSP RATES IN OFFERING COUNTRIES ON ALL ITEMS FOR WHICH REQUESTS WERE MADE.

8.COMMENT: LDCS RECOGNIZE THE SERIOUSNESS OF US POSITION ON CONTRIBUTIONS AND WERE UNWILLING TO CREATE AN IMPASSE IN THE WORK OF THE GROUP. IN ADDITION, THEY ARE IN THE PARADOXICAL SITUATION OF TRYING TO PRESERVE THE PRINCIPLE OF NO RECIPROCITY UNTIL THE END OF THE DAY, WHILE AT THE SAME TIME LIMITED OFFICIAL USE

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URGING SIGNIFICANT IMPROVEMENT OF DC OFFERS. UNDER ASSUMPTION THAT OFFERS ARE NOT IMPROVED PRIOR TO OCTOBER MEETING, AND THAT LDCS MAINTAIN THEIR POSITION ON NON-RECIPROCITY, FOCUS IN OCTOBER MEETING COULD SHIFT TO ASEAN PROPOSAL FOR CONFRONTATION/JUSTIFICATION EXERCISE. SOME LDCS, HOWEVER, RECOGNIZE THAT REQUISITE STEP TO C/J EXERCISE WILL BE TO DEFINE TROPICAL PRODUCTS, (TP GROUP HAS PROCEEDED PRAGMATICALLY TO DATE WITHOUT SEEKING AGREE ON DEFINITION OF TROPICAL PRODUCTS) AND THUS ASEAN PROPOSAL MAY ACCORDINGLY NOT GET OFF THE GROUND. MTN DEL ANTICIPATES LDCS WILL BEGIN TO PRESS IN BILATERALS AND PLURILATERALS IN NEXT SEVERAL MONTHS FOR CONDITIONAL DC IMPLEMENTATION IN EXCHANGE FOR LDC COMMITMENT TO PAY THE END OF THE DAY.WALKER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LESS DEVELOPED COUNTRIES, COMMITTEE MEETINGS, MEETING REPORTS, AGRICULTURAL COMMODITIES, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 JUL 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976MTNGE05461  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760267-0819  
**From:** MTN GENEVA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760774/aaaacncm.tel  
**Line Count:** 217  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION STR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ShawDG  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 31 MAR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <31 MAR 2004 by greeneet>; APPROVED <13 AUG 2004 by ShawDG>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FIFTH MTN TROPICAL PRODUCTS MEETING ASSESSMENT  
**TAGS:** ETRD, MTN  
**To:** STATE EC BRUSSELS  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006